

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name IDA TOWNSHIP	County MONROE
Fiscal Year End 06/30/06	Opinion Date 07/21/06	Date Audit Report Submitted to State 9/7/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

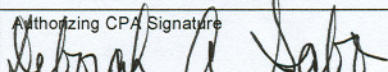
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC		Telephone Number 734-241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
		Zip 48161	
Authorizing CPA Signature 	Printed Name DEBORAH A. SABO		License Number 1101025211

IDA TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

June 30, 2006

IDA TOWNSHIP

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Independent Auditor's Report

Township Board
Ida Township
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ida Township, Monroe County, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ida Township, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ida Township, Monroe County, Michigan as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 30 through 32, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ida Township, Monroe County, Michigan basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cooley Hehl Wohlgamuth & Carlton

July 21, 2006

IDA TOWNSHIP

Management's Discussion and Analysis Year Ended June 30, 2006

This section of Ida Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended June 30, 2006. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

The Governmental Accounting Standards Board (GASB) adopted this reporting model in *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ida Township financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds - the General Fund, the Sewer Receiving Fund, the Water District #1 Debt Fund, and the Water District #1 Construction Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

Budgetary Information for Major Funds
(Required Supplemental Information)

Other Supplemental Information

IDA TOWNSHIP

Management's Discussion and Analysis *Year Ended June 30, 2006*

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 9-10), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The Statement of Net Assets and Statement of Activities report the governmental activities for the Township, which encompass all of the Township's services, including general government services, public safety, public works, culture and recreation. Property taxes, state grants, and capital contributions finance most of these activities.

Fund Financial Statements

The Township's Fund Financial Statements (pages 11-17) provide detailed information about the most significant or "major" funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds - All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 13 and 16.

Fiduciary funds - An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.

IDA TOWNSHIP

Management's Discussion and Analysis *Year Ended June 30, 2006*

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of June 30, 2006 and 2005.

Table 1:

Condensed Statement of Net Assets June 30, 2006 and 2005

	Governmental Activities	
	2006	2005
Current and other assets	\$3,360,769	\$3,639,704
Capital assets	<u>3,885,741</u>	<u>3,745,087</u>
Total Assets	7,246,510	7,384,791
Current and other liabilities	131,398	108,105
Long-term liabilities	<u>2,490,360</u>	<u>2,838,768</u>
Total Liabilities	<u>2,621,758</u>	<u>2,946,873</u>
Net Assets		
Invested in capital assets, net of related debt	1,395,381	906,319
Restricted for:		
Debt service	2,106,243	2,180,433
Capital projects	89,899	240,931
Public works	156,518	164,443
Fire protection	71,190	49,897
Building code enforcement	-	8,793
Liquor law enforcement	472	864
Recreation and cultural	11,198	10,645
Unrestricted	<u>769,670</u>	<u>875,593</u>
Total Net Assets	<u>\$4,624,752</u>	<u>\$4,437,918</u>

As depicted in Table 1, the Township's net assets were \$4,624,752 at June 30, 2006. Of this amount, a positive \$769,670 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal year ended June 30, 2006 and 2005.

IDA TOWNSHIP*Management's Discussion and Analysis
Year Ended June 30, 2006***Government-Wide Financial Analysis - Concluded****Table 2:****Changes in Net Assets
Years Ended June 30, 2006 and 2005**

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
Program revenues:		
Charges for services	\$ 290,565	\$ 272,069
Operating grants and contributions	2,196	2,287
Capital grants and contributions	<u>(8,556)</u>	<u>104,466</u>
	284,205	378,822
General revenues:		
Property taxes	331,619	316,567
State grants	340,336	333,014
Other general revenues	<u>209,736</u>	<u>181,427</u>
	<u>881,691</u>	<u>831,008</u>
Total Revenues	1,165,896	1,209,830
Functions/Program Expenses		
Legislative	9,334	8,902
General government	302,641	286,582
Public safety	225,560	169,384
Public works	308,263	425,986
Recreation and cultural	11,836	9,973
Interest on long-term debt	<u>121,428</u>	<u>123,047</u>
Total Expenses	<u>979,062</u>	<u>1,023,874</u>
Increase (Decrease) in Net Assets	<u>\$ 186,834</u>	<u>\$ 185,956</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$979,062. Of this amount, \$284,205 was subsidized with revenue generated from charges for services, grants and other contributions with the remaining costs financed with general revenues.

The Township experienced an increase in net assets of \$186,834. The increase in net assets differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net assets appears on page 16.

IDA TOWNSHIP

Management's Discussion and Analysis *Year Ended June 30, 2006*

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Ida Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$1,516,998, which is a decrease of \$156,146 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Sewer Receiving Fund</u>	<u>Water District #1 Debt Fund</u>	<u>Water District #1 Construction Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund balances - Beginning of year	\$ 796,884	\$127,252	\$351,117	\$ 240,931	\$156,960	\$1,673,144
Increase (decrease)	<u>(83,535)</u>	<u>8,321</u>	<u>55,383</u>	<u>(151,032)</u>	<u>14,717</u>	<u>(156,146)</u>
Fund balances - End of year	<u>\$713,349</u>	<u>\$135,573</u>	<u>\$406,500</u>	<u>\$ 89,899</u>	<u>\$171,677</u>	<u>\$1,516,998</u>

The Township's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

Revenues	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Percent Change</u>
Property taxes and special assessments	\$180,314	\$172,677	4.42%
Licenses and permits	30,612	8,276	269.89%
State grants	340,336	333,014	2.20%
Contributions from local units	-	107,604	(100.00)%
Charges for services	63,076	33,370	89.02%
Interest	18,274	7,378	147.68%
Other	31,982	30,633	4.40%
Operating transfers in	<u>820</u>	<u>18,950</u>	<u>(95.67)%</u>
	<u>\$665,414</u>	<u>\$711,902</u>	<u>(6.53)%</u>

IDA TOWNSHIP

Management's Discussion and Analysis *Year Ended June 30, 2006*

Fund Financial Analysis – Concluded

Licenses and permits increased during 2006 due to the increase in quarry revenue. Contributions from local units in 2005 was for the donation of equipment from the County. Charges for services increased due to an increase in the fees for fire runs and the increase in the number of fire runs to Raisinville Township. Interest income increased due to prudent investing of funds.

Expenditures	June 30, 2006	June 30, 2005	Percent Change
Legislative	\$ 9,334	\$ 8,902	4.85%
General government	228,195	207,327	10.07%
Public safety	70,539	20,965	236.46%
Public works	264,211	137,468	92.20%
Recreation and cultural	955	3,279	(70.88)%
Other	56,075	161,377	(65.25)%
Debt service	36,390	44,416	(18.07)%
	<u>\$665,699</u>	<u>\$583,734</u>	14.04%

Public safety expenditures increased due to the payment to the Ida Volunteer Fire Department for community promotions which was for two years. Public works increased due to an increase in expenditures for the repair and maintenance of roads. Recreation and cultural expenditures were higher in the prior year due to the purchase of a library sign. Other expenditures were higher in the prior year due to the donation of equipment from the County.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Revisions to the General Fund original budget were as follows:

The revisions made to the original budget and the final amended budgets were relatively minor. Original revenues of \$611,255 were amended to \$610,755. The revenue budget included a Federal grant of \$65,000 for a playground/park; however, the grant was not received this year. The original budget for expenditures was \$894,865; the final budget was \$983,115. The increase in the expenditure budget was mainly for the transfer to the Fire Department Millage Fund for breathing apparatus.

IDA TOWNSHIP

Management's Discussion and Analysis *Year Ended June 30, 2006*

Capital Asset and Debt Administration

Capital Assets

At June 30, 2006, the Township had \$4,670,006 invested in a broad range of capital assets, including land, land improvements, building and improvements, machinery and equipment, vehicles, and a water line. This amount represents a net increase (including additions and disposals) of \$236,789 from last year. The additions were for a printer, fence, fire equipment, and water line construction. The water line construction accounted for \$146,814 of the additions. Depreciation for this year totaled \$96,135. Detailed information regarding capital assets is included in Note 8 to the financial statements.

Debt

At June 30, 2006, the Township had \$2,490,360 in contract liability and loans payable. The sewer and water bonds continue to be paid through collections of special assessments. The Library and Township Hall loan payable is paid through the tax levy. Detailed information regarding debt is included in Note 5 to the financial statements.

Development of the 2006-07 Fiscal Year Budget

Our elected officials consider many factors when setting the Township's 2006-07 fiscal year budget.

The revenue budget for the 2006-07 fiscal year is consistent with the prior year. The Township budgeted revenues as close to actual as possible with the revenues remaining stable when compared to the 2005-2006 actual revenues. However, this budget includes increases in two areas: quarry revenue and fire services.

The expenditure budget for the 2006-07 fiscal year increases the expenditures for buildings and grounds of approximately \$23,000 and cemetery of approximately \$8,100. There are decreases in the budget for general administration of \$10,600 and roads of approximately \$42,000.

Contacting Ida Township's Business Office

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact the Ida Township Clerk, 3016 Lewis Avenue, P.O. Box 239, Ida, MI 48140.

IDA TOWNSHIP*Statement of Net Assets**June 30, 2006*

	Governmental Activities
Assets	
Cash and cash equivalents	\$1,178,251
Cash with fiscal agent	106,077
Receivables:	
Accounts and accrued interest	72,048
Special assessment	1,823,522
Sewer tap	33,055
Prepaid expense	34,625
Due from other governmental units	113,191
Depreciable capital assets, net	3,885,741
Total Assets	7,246,510
Liabilities	
Accounts payable	77,615
Accrued interest payable	17,357
Customer deposits	680
Performance bonds	35,746
Long-term liabilities:	
Due within one year	376,746
Due in more than one year	2,113,614
Total Liabilities	2,621,758
Net Assets	
Invested in capital assets, net of related debt	1,395,381
Restricted for:	
Debt service	2,106,243
Capital projects	89,899
Public works	156,518
Fire protection	71,190
Liquor law enforcement	472
Recreation and cultural	11,198
Unrestricted	793,851
Total Net Assets	\$4,624,752

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Statement of Activities

Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Legislative	\$9,334	\$0	\$0	\$0	(\$9,334)
General government	302,641	38,212	0	0	(264,429)
Public safety	225,560	79,217	1,796	0	(144,547)
Public works	308,263	173,136	0	(8,556)	(143,683)
Recreation and cultural	11,836	0	400	0	(11,436)
Interest on long-term debt	121,428	0	0	0	(121,428)
Total Governmental Activities	<u>\$979,062</u>	<u>\$290,565</u>	<u>\$2,196</u>	<u>(\$8,556)</u>	(694,857)
General Revenues:					
Property taxes					331,619
State grants					340,336
Interest and investment earnings					151,278
Other					58,458
Total General Revenues					<u>881,691</u>
Change in Net Assets					186,834
Net Assets - Beginning of year, as restated					<u>4,437,918</u>
Net Assets - End of year					<u>\$4,624,752</u>

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

*Governmental Funds
Balance Sheet
June 30, 2006*

	General	Sewer Receiving	Water District #1 Debt
Assets			
Cash and cash equivalents	\$652,003	\$44,727	\$293,421
Cash with fiscal agent	0	13,237	1,342
Receivables:			
Accounts and accrued interest	9,549	59,841	2,658
Special assessment	0	0	1,823,522
Sewer tap	0	33,055	0
Prepaid expenditures	28,640	0	0
Due from other funds	18,953	0	0
Due from other governmental units	113,191	0	0
Total Assets	\$822,336	\$150,860	\$2,120,943
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$74,561	\$0	\$0
Due to other funds	0	0	0
Deferred revenue	0	15,287	1,714,443
Customer deposits	680	0	0
Performance bonds	33,746	0	0
Total Liabilities	108,987	15,287	1,714,443
Fund Balances			
Reserved for streetlights	8,315	0	0
Reserved for sludge removal	0	12,924	0
Reserved for debt service	0	0	406,500
Reserved for capital projects	0	0	0
Unreserved - designated for park	24,181	0	0
Unreserved:			
Undesignated, reported in:			
General Fund	680,853	0	0
Special Revenue Funds	0	122,649	0
Capital Projects Fund	0	0	0
Total Fund Balances	713,349	135,573	406,500
Total Liabilities and Fund Balances	\$822,336	\$150,860	\$2,120,943

See accompanying notes to the basic financial statements.

Water District #1 Construction	Other Nonmajor Governmental Funds	Totals
\$0	\$188,100	\$1,178,251
91,498	0	106,077
0	0	72,048
0	0	1,823,522
0	0	33,055
0	5,985	34,625
0	0	18,953
0	0	113,191
<u>\$91,498</u>	<u>\$194,085</u>	<u>\$3,379,722</u>
\$1,599	\$1,455	\$77,615
0	18,953	18,953
0	0	1,729,730
0	0	680
0	2,000	35,746
1,599	22,408	1,862,724
0	0	8,315
0	0	12,924
0	0	406,500
89,899	0	89,899
0	0	24,181
0	0	680,853
0	100,487	223,136
0	71,190	71,190
<u>89,899</u>	<u>171,677</u>	<u>1,516,998</u>
<u>\$91,498</u>	<u>\$194,085</u>	<u>\$3,379,722</u>

IDA TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2006

Total Fund Balances - Governmental Funds		\$1,516,998
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	\$4,670,006	
Accumulated depreciation	<u>(784,265)</u>	
		3,885,741
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred revenue in the funds		1,729,730
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Contract liability	(2,337,970)	
Loan payable	(152,390)	
Accrued interest	<u>(17,357)</u>	
		<u>(2,507,717)</u>
Total Net Assets - Governmental Activities		<u>\$4,624,752</u>

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2006

	General	Sewer Receiving	Water District #1 Debt
Revenues			
Property taxes and special assessments	\$180,314	\$0	\$121,659
Licenses and permits	30,612	0	0
State grants	340,336	0	0
Charges for services	63,076	190,827	0
Interest	18,274	9,704	115,011
Other revenue	31,982	0	22,900
	<hr/>	<hr/>	<hr/>
Total Revenues	664,594	200,531	259,570
Expenditures			
Legislative	9,334	0	0
General government	228,195	0	0
Public safety	70,539	0	0
Public works	264,211	35,119	1,298
Recreation and cultural	955	0	0
Other	56,075	0	0
Capital outlay	0	0	0
Debt service	36,390	157,091	202,889
	<hr/>	<hr/>	<hr/>
Total Expenditures	665,699	192,210	204,187
Excess (Deficiency) of Revenue Over Expenditures	(1,105)	8,321	55,383
Other Financing Sources (Uses)			
Operating transfers in	820	0	0
Operating transfers out	(83,250)	0	0
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(82,430)	0	0
Net Change in Fund Balances	(83,535)	8,321	55,383
Fund Balances - Beginning of year	796,884	127,252	351,117
	<hr/>	<hr/>	<hr/>
Fund Balances - End of year	\$713,349	\$135,573	\$406,500
	<hr/>	<hr/>	<hr/>

See accompanying notes to the basic financial statements.

Water District #1 Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$151,305	\$453,278
0	27,317	57,929
0	1,796	342,132
0	0	253,903
3,417	4,872	151,278
0	400	55,282
3,417	185,690	1,313,802
0	0	9,334
0	0	228,195
0	178,113	248,652
0	0	300,628
0	0	955
0	0	56,075
154,449	0	154,449
0	75,290	471,660
154,449	253,403	1,469,948
(151,032)	(67,713)	(156,146)
0	83,250	84,070
0	(820)	(84,070)
0	82,430	0
(151,032)	14,717	(156,146)
240,931	156,960	1,673,144
<u>\$89,899</u>	<u>\$171,677</u>	<u>\$1,516,998</u>

IDA TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2006*

Net Change in Fund Balances - Total Governmental Funds		(\$156,146)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	(\$96,135)	
Capital outlay	<u>236,789</u>	
		140,654
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		1,824
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(147,906)
Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).		<u>348,408</u>
Change in Net Assets of Governmental Activities		<u><u>\$186,834</u></u>

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Agency Fund
Statement of Fiduciary Net Assets
June 30, 2006

**Tax Collection
Agency Fund**

Assets

Cash

\$2,372

Liabilities and net assets

Due to other governmental units

\$2,372

See accompanying notes to the basic financial statements.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2006*

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes general operations, library, fire, debt, and construction of the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of Ida Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. All of the Township's government-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2006*

Note 2 Summary of Significant Accounting Policies (Continued) Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available of use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Sewer Receiving Fund accounts for collection of tap-in, operation and maintenance, and user charges for the Ida-Raisinville Sewer System.

The Water District #1 Debt Fund accounts for the collection of special assessments used to pay the cost of a \$2,155,000 bond issue.

The Water District #1 Construction Fund accounts for moneys for the financing of construction of the water line extension.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Township reports the following nonmajor governmental funds:

The Liquor Law Enforcement Fund, Improvement Revolving Fund, Building Department Fund, Budget Stabilization Fund, Ida Branch Library Fund, and Fire Millage Fund are the Township's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent February 15 of the following year. Summer taxes are billed July 1 and due by September 14.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of one thousand dollars. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvement	20 years
Buildings and buildings improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years
Water line	50 years

DueTo/From Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2006*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2006.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2006*

Note 2 Summary of Significant Accounting Policies (Concluded)
Basis of Presentation (Concluded)
F. Budgetary Policies (Concluded)

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Treasurer submits to the Township Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year, the budget is monitored and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

- G. Restatements - Beginning net assets of governmental activities were increased by \$1,877,636 to properly reflect the effect of the long-term receivable from the water district special assessments.

Note 3 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2006, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Sewer Receiving Fund	\$187,590	\$192,210	\$ (4,620)
Water District #1 Debt Fund	158,570	204,187	(45,617)
Ida Branch Library Fund	67,620	75,290	(7,670)

Note 4 Property Tax

The Township bills and collects its own property taxes and also taxes for the County of Monroe, Ida Public Schools, Summerfield Schools, Monroe County Intermediate School District and Monroe County Community College. Tax collections are accounted for in the Tax Collection Agency Fund. The Township tax levy for the 2005-2006 fiscal year was spread as follows:

General Fund	0.8321
Fire Department	0.4963
Library Fund	<u>0.4840</u>
	<u>1.8124</u>

IDA TOWNSHIP

Notes to Financial Statements Year Ended June 30, 2006

Note 4 Property Tax (Concluded)

The Township's 2005 property taxes, levied on December 1, 2005 on assessed valuation as of December 31, 2004, were due and payable by February 14, 2006. Summer taxes are billed July 1 and are due September 14. Taxable values, which amounted to \$154,340,921 are based on a percentage of the fair market value of the assessed property. Property tax revenue is recorded when the taxes are levied.

For the year ended June 30, 2006, the Township also billed and retained \$36,215 as administrative fees for the above tax collection.

Note 5 Long-Term Debt

The following is a summary of long-term debt outstanding as of June 30, 2006:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Original Maturity Dates</u>	<u>Amount of Issue</u>	<u>Balance Outstanding</u>
Contract liability for:					
Sewage Disposal					
Refunding Bonds	3.000%-				
(Ida/Raisinville #1)	5.400%	12/01/93	11/1/94-07	\$1,625,320	\$ 297,970
Water Supply System Bonds					
(Township of Ida System No.1)	2.000%-				
Series 2004	4.875%	6/23/04	5/01/04-23	2,155,000	2,040,000
Loan Payable for:					
Library and Township					
Hall	3.750%	6/17/03	6/17/03-08	500,000	<u>152,390</u>
					<u>\$2,490,360</u>

Changes in bond principal during the 2005-06 fiscal period are summarized as follows:

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>	<u>Due In One Year</u>
Sewage Disposal					
Refunding Bonds					
(Ida/Raisinville #1)	\$ 434,390	\$ -	\$136,420	\$ 297,970	\$150,780
Limited Tax Water					
Supply System Bonds					
(Township of Ida System No. 1)					
Series 2004	2,150,000	-	110,000	2,040,000	120,000
Library and Township					
Hall - Loan Payable	<u>254,378</u>	<u>-</u>	<u>101,988</u>	<u>152,390</u>	<u>105,966</u>
	<u>\$2,838,768</u>	<u>\$ -</u>	<u>\$348,408</u>	<u>\$2,490,360</u>	<u>\$376,746</u>

IDA TOWNSHIP

Notes to Financial Statements Year Ended June 30, 2006

Note 5 Long-Term Debt (Continued)

The following are the repayment schedules of the June 30, 2006 balances:

Contract liability for Sewage Disposal Refunding Bonds (Ida/Raisinville Townships System #1) - original issue of \$2,270,000, with the Township's share equaling \$1,625,320. The bonds were issued December 1, 1993 by the County of Monroe to advance refund the Limited Tax Sewage Disposal Bonds. Ida Township is financing their portion of these costs through a special assessment levied against the benefitting property owners and a monthly user debt service charge:

<u>Year</u>	<u>November 1</u>	<u>May 1</u>	<u>November 1</u>	<u>Totals</u>
2007	\$11,100	\$5,535	\$210,000	\$226,635
2008	<u>5,535</u>	<u>0</u>	<u>205,000</u>	<u>210,535</u>
	<u>\$16,635</u>	<u>\$5,535</u>	<u>\$415,000</u>	<u>\$437,170</u>
		\$22,170	\$415,000	\$437,170
		<u>x .7180</u>	<u>x .7180</u>	<u>x .7180</u>
Ida Township's Portion		<u>\$15,918</u>	<u>\$297,970</u>	<u>\$313,888</u>

Allocation of debt service is based on the total number of residence equivalency units (REUs) for each township, and is recomputed on an annual basis. As of June 30, 2006, Ida Township's allocation is 71.80%.

Contract Liability for General Obligation Water Supply System Bonds - Contract Liability with Monroe County - Water Supply System Bonds (Township of Ida System No. 1), Series 2004 (Limited Tax General Obligation). The bonds were issued June 01, 2004, by the County of Monroe to pay for the construction of water supply improvements in special assessment district number one. These bonds are a general obligation of the Township and are being financed through a special assessment levied against homeowners benefitting from the construction.

IDA TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2006

Note 5 Long-Term Debt (Continued)

Fiscal Year	Interest Due		Principal Due	Totals
	November 1	May 1	May 1	
2007	\$44,100	\$44,100	\$120,000	\$208,200
2008	42,000	42,000	120,000	204,000
2009	39,750	39,750	120,000	199,500
2010	37,500	37,500	120,000	195,000
2011	35,100	35,100	120,000	190,200
2012	32,700	32,700	120,000	185,400
2013	30,300	30,300	120,000	180,600
2014	27,750	27,750	120,000	175,500
2015	25,200	25,200	120,000	170,400
2016	22,650	22,650	120,000	165,300
2017	19,950	19,950	120,000	159,900
2018	17,250	17,250	120,000	154,500
2019	14,400	14,400	120,000	148,800
2020	11,550	11,550	120,000	143,100
2021	8,700	8,700	120,000	137,400
2022	5,850	5,850	120,000	131,700
2023	2,925	2,925	120,000	125,850
	<u>\$417,675</u>	<u>\$417,675</u>	<u>\$2,040,000</u>	<u>\$2,875,350</u>

Loan payable for Library and Township Hall - on June 17, 2003, the Township entered into a purchase agreement with Monroe Bank & Trust. The purchase agreement is to provide/build a library and Township hall for a total aggregate purchase price of \$500,000. The Township is financing these costs through a tax millage.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
06/15/07	\$105,966	\$5,715	\$111,681
06/15/08	<u>46,424</u>	<u>1,741</u>	<u>48,165</u>
	<u>\$152,390</u>	<u>\$7,456</u>	<u>\$159,846</u>

IDA TOWNSHIP

Notes to Financial Statements
Year Ended June 30, 2006

Note 5 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at June 30, 2006 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 376,746	\$105,859	\$ 482,605
2008	313,614	89,715	403,329
2009	120,000	79,500	199,500
2010	120,000	75,000	195,000
2011	120,000	70,200	190,200
2012-2016	600,000	277,200	877,200
2017-2021	600,000	143,700	743,700
2022-2023	<u>240,000</u>	<u>17,550</u>	<u>257,550</u>
	<u>\$2,490,360</u>	<u>\$858,724</u>	<u>\$3,349,084</u>

Note 6 Interfund Payables and Receivables

Such balances at June 30, 2006 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:		
Budget Stabilization Fund	\$ 592	\$ -
Building Department Fund	18,361	-
Budget Stabilization Fund:		
General Fund	-	592
Building Department Fund:		
General Fund	<u>-</u>	<u>18,361</u>
	<u>\$18,953</u>	<u>\$18,953</u>

Note 7 Interfund Transfers

Interfund transfers at June 30, 2006, consisted of the following:

	<u>Transfers Out</u>		
	<u>Budget Stabilization Fund</u>	<u>General Fund</u>	<u>Total</u>
<u>Transfers In:</u>			
General Fund	\$820	\$ -	\$ 820
Fire Department Millage	<u>-</u>	<u>83,250</u>	<u>83,250</u>
	<u>\$820</u>	<u>\$83,250</u>	<u>\$84,070</u>

The transfers from the Budget Stabilization Fund to the General Fund represents the return of interest revenue. The transfer from the General Fund to the Fire Department Millage Fund was to assist the Fire Department with expenditures.

IDA TOWNSHIP

Notes to Financial Statements Year Ended June 30, 2006

Note 8 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Assets not being depreciated:				
Land	\$115,188	\$0	\$0	\$115,188
Construction in progress	2,140,739	146,814	0	2,287,553
	<u>2,255,927</u>	<u>146,814</u>	<u>0</u>	<u>2,402,741</u>
Capital assets being depreciated:				
Land improvements	6,200	0	0	6,200
Building and building improvements	1,407,886	5,604	0	1,413,490
Machinery and equipment	268,023	84,371	0	352,394
Vehicles	495,181	0	0	495,181
	<u>2,177,290</u>	<u>89,975</u>	<u>0</u>	<u>2,267,265</u>
Total capital assets	4,433,217	236,789	0	4,670,006
Less accumulated depreciation for:				
Land improvements	(1,860)	(310)	0	(2,170)
Building and building improvements	(226,083)	(36,213)	0	(262,296)
Machinery and equipment	(109,839)	(29,933)	0	(139,772)
Vehicles	(350,348)	(29,679)	0	(380,027)
	<u>(688,130)</u>	<u>(96,135)</u>	<u>0</u>	<u>(784,265)</u>
Total accumulated depreciation	(688,130)	(96,135)	0	(784,265)
Net capital assets	<u>\$3,745,087</u>	<u>\$140,654</u>	<u>\$0</u>	<u>\$3,885,741</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$27,475
Public safety	57,779
Recreation and cultural	<u>10,881</u>
Total governmental activities	<u>\$96,135</u>

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2006*

Note 9

Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At June 30, 2006, Ida Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers' acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized four depositories: Monroe Bank and Trust, Cadre Financial Services, Inc., National City Bank, and United Bank and Trust.

Interest rate risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Township's investment policy.

Concentration of credit risk. The Township does not place any limits on the amount the Township may deposit or invest in any one issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the collateral securities in the possession of an outside party. The Township has \$1,290,945 invested in certificates of deposit, checking accounts, and money markets. The Township's deposits are insured by the FDIC in the amount of \$295,153, with uninsured deposits of \$995,792. The Township's deposits are at institutions with an established record of fiscal health and service. The Township Board approves and designates a list of authorized depository institutions. The Township's investment policy does not address deposit risk.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

IDA TOWNSHIP

Notes to Financial Statements *Year Ended June 30, 2006*

Note 10 Pension Plan

Ida Township provides pension benefits for all of its employees through a defined contribution plan administered by Municipal Retirement Systems, Inc., which is affiliated with Travelers Insurance Company. The Plan became effective July 1, 1991. The Township contributes 7.65% of the employees' wages, and another 7.65% is withheld from the employees' wages and contributed. The contributions are 100% vested immediately.

The cost for the current fiscal year services was \$12,040 (7.65% of covered payroll) for the Township and the employees, for a total pension contribution for the year of \$24,079. The Township also paid an administrative fee of \$180. The contribution for the year was based on an estimated payroll of \$157,382. The total Township payroll for the fiscal year was \$165,729.

Note 11 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

IDA TOWNSHIP

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Revenues				
Taxes and Special Assessments:				
Property taxes	\$120,000	\$120,000	\$128,197	\$8,197
Special assessments	14,500	14,500	15,902	1,402
Administrative fee	34,000	34,000	36,215	2,215
	<u>168,500</u>	<u>168,500</u>	<u>180,314</u>	<u>11,814</u>
Licenses and Permits				
Business	0	0	22,132	22,132
Non-business	6,500	6,500	8,480	1,980
	<u>6,500</u>	<u>6,500</u>	<u>30,612</u>	<u>24,112</u>
Federal grants	65,000	65,000	0	(65,000)
State grants	340,000	340,000	340,336	336
Charges for Services:				
Fire runs	18,000	18,000	51,900	33,900
Rentals	4,200	4,200	7,600	3,400
Other	1,600	1,600	3,576	1,976
	<u>23,800</u>	<u>23,800</u>	<u>63,076</u>	<u>39,276</u>
Interest	5,025	5,025	18,274	13,249
Other revenue	<u>2,430</u>	<u>1,930</u>	<u>31,982</u>	<u>30,052</u>
Total Revenues	611,255	610,755	664,594	53,839
Expenditures				
Legislative:				
Township board	9,372	9,372	9,334	38
General Government:				
Supervisor	22,538	22,538	21,452	1,086
Assessor	35,100	35,100	32,417	2,683
Elections	600	600	344	256
Audit	13,000	13,000	13,000	0
Attorney	4,500	8,324	7,231	1,093
Clerk	32,926	32,902	31,344	1,558
Board of review	1,625	1,625	864	761
General administration	42,250	42,550	35,800	6,750
Treasurer	31,676	31,676	30,279	1,397
Buildings and grounds	36,000	47,255	47,537	(282)
Cemetery	7,728	7,990	7,927	63
	<u>227,943</u>	<u>243,560</u>	<u>228,195</u>	<u>15,365</u>

IDA TOWNSHIP

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual	Positive (Negative) Budget
	Original	Final		
Expenditures (Concluded)				
Public Safety:				
Fire department	\$24,425	\$32,425	\$61,647	(\$29,222)
Planning and zoning	8,350	9,435	8,892	543
	<u>32,775</u>	<u>41,860</u>	<u>70,539</u>	<u>(28,679)</u>
Public Works:				
Drains	1,200	1,200	450	750
Roads	305,000	266,861	226,288	40,573
Mowing	14,500	14,500	21,750	(7,250)
Streetlighting	15,000	15,000	15,723	(723)
	<u>335,700</u>	<u>297,561</u>	<u>264,211</u>	<u>33,350</u>
Recreation and Cultural:				
Parks and recreation	175,000	175,000	0	175,000
Library	1,575	1,575	955	620
	<u>176,575</u>	<u>176,575</u>	<u>955</u>	<u>175,620</u>
Debt Service:				
Principal	0	0	33,232	(33,232)
Interest	0	0	3,158	(3,158)
	<u>0</u>	<u>0</u>	<u>36,390</u>	<u>(36,390)</u>
Other:				
Pension	9,500	10,205	10,276	(71)
Insurance	40,000	44,295	42,678	1,617
Social security/Medicare	2,000	2,000	1,939	61
Tax Tribunal	0	25,037	1,182	23,855
Capital outlay	45,000	45,000	0	45,000
Contingency	16,000	4,400	0	4,400
	<u>112,500</u>	<u>130,937</u>	<u>56,075</u>	<u>74,862</u>
Total Expenditures	<u>894,865</u>	<u>899,865</u>	<u>665,699</u>	<u>234,166</u>
Excess (Deficiency) of Revenues Over Expenditures	(283,610)	(289,110)	(1,105)	288,005
Other Financing Sources (Uses)				
Operating transfers in	0	0	820	820
Operating transfers out	0	(83,250)	(83,250)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(83,250)</u>	<u>(82,430)</u>	<u>820</u>
Net Change in Fund Balance	<u>(283,610)</u>	<u>(372,360)</u>	<u>(83,535)</u>	<u>288,825</u>
Fund Balance - Beginning of year	<u>796,884</u>	<u>796,884</u>	<u>796,884</u>	<u>0</u>
Fund Balance - End of year	<u>\$513,274</u>	<u>\$424,524</u>	<u>\$713,349</u>	<u>\$288,825</u>

IDA TOWNSHIP

*Sewer Receiving Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services:				
Maintenance fees	\$12,500	\$12,500	\$25,399	\$12,899
Tap-in fees	15,300	15,300	17,691	2,391
Debt service fees	113,000	113,000	147,737	34,737
	<u>140,800</u>	<u>140,800</u>	<u>190,827</u>	<u>50,027</u>
Interest	<u>6,000</u>	<u>6,000</u>	<u>9,704</u>	<u>3,704</u>
Total Revenues	146,800	146,800	200,531	53,731
Expenditures				
Public works:				
Sewer maintenance	35,090	35,090	35,119	(29)
Debt service:				
Principal	137,000	137,000	136,420	580
Interest and fees	15,500	15,500	20,671	(5,171)
	<u>152,500</u>	<u>152,500</u>	<u>157,091</u>	<u>(4,591)</u>
Total Expenditures	<u>187,590</u>	<u>187,590</u>	<u>192,210</u>	<u>(4,620)</u>
Excess (Deficiency) of Revenues Over Expenditures	(40,790)	(40,790)	8,321	49,111
Other Financing Sources				
Operating transfers in	<u>0</u>	<u>82,000</u>	<u>0</u>	<u>(82,000)</u>
Net Change in Fund Balance	(40,790)	41,210	8,321	(32,889)
Fund Balance - Beginning of year	<u>127,252</u>	<u>127,252</u>	<u>127,252</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$86,462</u></u>	<u><u>\$168,462</u></u>	<u><u>\$135,573</u></u>	<u><u>(\$32,889)</u></u>

IDA TOWNSHIP

Water District #1 Debt Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$160,000	\$160,000	\$121,659	(\$38,341)
Interest	185,000	185,000	115,011	(69,989)
Other revenue	10,000	10,000	22,900	12,900
Total Revenues	355,000	355,000	259,570	(95,430)
Expenditures				
Public works	2,000	2,000	1,298	702
Debt service:				
Principal	110,000	110,000	110,000	0
Interest and fees	46,570	46,570	92,889	(46,319)
	156,570	156,570	202,889	(46,319)
Total Expenditures	158,570	158,570	204,187	(45,617)
Excess (Deficiency) of Revenues Over Expenditures	196,430	196,430	55,383	(141,047)
Other Financing Sources				
Operating transfers out	0	(6,000)	0	6,000
Net Change in Fund Balance	196,430	190,430	55,383	(135,047)
Fund Balance - Beginning of year	351,117	351,117	351,117	0
Fund Balance - End of year	<u>\$547,547</u>	<u>\$541,547</u>	<u>\$406,500</u>	<u>(\$135,047)</u>

IDA TOWNSHIP

Water District #1 Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2006

	<u>Actual</u>
Revenues	
Interest	\$3,417
Expenditures	
Capital outlay:	
Construction	146,814
Fees	<u>7,635</u>
Total Expenditures	<u>154,449</u>
Net Change in Fund Balance	(151,032)
Fund Balance - Beginning of year	<u>240,931</u>
Fund Balance - End of year	<u><u>\$89,899</u></u>

IDA TOWNSHIP

Nonmajor Governmental Funds Combining Balance Sheet June 30, 2006

	Special Revenue Funds		
	Liquor Law Enforcement	Improvement Revolving	Building Department
Assets			
Cash and cash equivalents	\$135	\$66,817	\$17,538
Prepaid expense	337	0	2,907
Total Assets	<u>\$472</u>	<u>\$66,817</u>	<u>\$20,445</u>
Total Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$0	\$0	\$84
Due to other funds	0	0	18,361
Performance bonds	0	0	2,000
Total Liabilities	0	0	20,445
Fund Balances			
Unreserved	<u>472</u>	<u>66,817</u>	<u>0</u>
Total Fund Balances	<u>472</u>	<u>66,817</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$472</u>	<u>\$66,817</u>	<u>\$20,445</u>

		Capital Projects Fund	
Budget Stabilization	Ida Branch Library	Fire Department Millage	Total Nonmajor Governmental Funds
\$22,592	\$11,198	\$69,820	\$188,100
0	0	2,741	5,985
<u>\$22,592</u>	<u>\$11,198</u>	<u>\$72,561</u>	<u>\$194,085</u>
\$0	\$0	\$1,371	\$1,455
592	0	0	18,953
0	0	0	2,000
592	0	1,371	22,408
<u>22,000</u>	<u>11,198</u>	<u>71,190</u>	<u>171,677</u>
<u>22,000</u>	<u>11,198</u>	<u>71,190</u>	<u>171,677</u>
<u>\$22,592</u>	<u>\$11,198</u>	<u>\$72,561</u>	<u>\$194,085</u>

IDA TOWNSHIP

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2006

	Special Revenue Funds		
	Liquor Law Enforcement	Improvement Revolving	Building Department
Revenues			
Property taxes	\$0	\$0	\$0
Licenses and permits	0	0	27,317
State grants	1,796	0	0
Interest	0	2,056	0
Other revenue	0	0	0
Total Revenues	1,796	2,056	27,317
Expenditures			
Public safety	2,188	0	36,110
Debt service	0	0	0
Total Expenditures	2,188	0	36,110
Excess (Deficiency) of Revenues Over Expenditures	(392)	2,056	(8,793)
Other Financing Sources (Uses)			
Operating transfers in	0	0	0
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	(392)	2,056	(8,793)
Fund Balances - Beginning of year	864	64,761	8,793
Fund Balances - End of year	\$472	\$66,817	\$0

		Capital Projects Fund	
Budget Stabilization	Ida Branch Library	Fire Department Millage	Total Nonmajor Governmental Funds
\$0	\$74,717	\$76,588	\$151,305
0	0	0	27,317
0	0	0	1,796
820	726	1,270	4,872
0	400	0	400
820	75,843	77,858	185,690
0	0	139,815	178,113
0	75,290	0	75,290
0	75,290	139,815	253,403
820	553	(61,957)	(67,713)
0	0	83,250	83,250
(820)	0	0	(820)
(820)	0	83,250	82,430
0	553	21,293	14,717
22,000	10,645	49,897	156,960
<u>\$22,000</u>	<u>\$11,198</u>	<u>\$71,190</u>	<u>\$171,677</u>

IDA TOWNSHIP

*Liquor Law Enforcement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State grants:				
Liquor license fees	<u>\$1,800</u>	<u>\$1,800</u>	<u>\$1,796</u>	<u>(\$4)</u>
Total Revenues	1,800	1,800	1,796	(4)
Expenditures				
Public safety:				
Liquor inspection	<u>2,277</u>	<u>2,277</u>	<u>2,188</u>	<u>89</u>
Excess (Deficiency) of Revenues Over Expenditures	(477)	(477)	(392)	85
Other Financing Sources				
Operating transfers in	<u>1,400</u>	<u>1,400</u>	<u>0</u>	<u>(1,400)</u>
Net Change in Fund Balance	923	923	(392)	(1,315)
Fund Balance - Beginning of year	<u>864</u>	<u>864</u>	<u>864</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$1,787</u></u>	<u><u>\$1,787</u></u>	<u><u>\$472</u></u>	<u><u>(\$1,315)</u></u>

IDA TOWNSHIP

Improvement Revolving Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$575	\$575	\$2,056	\$1,481
Expenditures	18	18	0	18
Net Change in Fund Balance	557	557	2,056	1,499
Fund Balance - Beginning of year	64,761	64,761	64,761	0
Fund Balance - End of year	<u>\$65,318</u>	<u>\$65,318</u>	<u>\$66,817</u>	<u>\$1,499</u>

IDA TOWNSHIP

*Building Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Non-business licenses and permits	\$40,000	\$40,000	\$27,317	(\$12,683)
Expenditures				
Public safety:				
Building inspector	39,450	39,450	36,110	3,340
Net Change in Fund Balance	550	550	(8,793)	(9,343)
Fund Balance - Beginning of year	8,793	8,793	8,793	0
Fund Balance - End of year	<u>\$9,343</u>	<u>\$9,343</u>	<u>\$0</u>	<u>(\$9,343)</u>

IDA TOWNSHIP

*Budget Stabilization Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2006*

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$235	\$235	\$820	\$585
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenue Over Expenditures	235	235	820	585
Other Financing Uses				
Operating transfers out	<u>(234)</u>	<u>(234)</u>	<u>(820)</u>	<u>(586)</u>
Net Change in Fund Balance	1	1	0	(1)
Fund Balance - Beginning of year	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$22,001</u></u>	<u><u>\$22,001</u></u>	<u><u>\$22,000</u></u>	<u><u>(\$1)</u></u>

IDA TOWNSHIP

*Ida Branch Library Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$67,000	\$67,000	\$74,717	\$7,717
Interest	240	240	726	486
Other revenue:				
Contributions	500	500	400	(100)
Total Revenues	67,740	67,740	75,843	8,103
Expenditures				
Recreation and cultural	620	620	0	620
Debt service:				
Principal	67,000	67,000	68,756	(1,756)
Interest	0	0	6,534	(6,534)
	67,000	67,000	75,290	(8,290)
Total Expenditures	67,620	67,620	75,290	(7,670)
Net Change in Fund Balance	120	120	553	433
Fund Balance - Beginning of year	10,465	10,465	10,645	180
Fund Balance - End of year	\$10,585	\$10,585	\$11,198	\$613

IDA TOWNSHIP

*Fire Department Millage Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$68,000	\$68,000	\$76,588	\$8,588
Interest	1,300	1,300	1,270	(30)
Total Revenues	69,300	69,300	77,858	8,558
Expenditures				
Public safety:				
Other	45,115	46,315	36,830	9,485
Repairs and maintenance	15,200	16,000	12,828	3,172
Capital outlay	10,000	91,250	90,157	1,093
Total Expenditures	70,315	153,565	139,815	13,750
Excess (Deficiency) of Revenues Over Expenditures	(1,015)	(84,265)	(61,957)	22,308
Other Financing Sources				
Operating transfers in	7,500	90,750	83,250	(7,500)
Net Change in Fund Balance	6,485	6,485	21,293	14,808
Fund Balance - Beginning of year	49,897	49,897	49,897	0
Fund Balance - End of year	\$56,382	\$56,382	\$71,190	\$14,808

IDA TOWNSHIP

Tax Collection Agency Fund
Statement of Changes in Assets and Liabilities

June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash	<u>\$1,800</u>	<u>\$3,709,233</u>	<u>\$3,708,661</u>	<u>\$2,372</u>
Liabilities				
Due to other governmental units	<u>\$1,800</u>	<u>\$3,709,233</u>	<u>\$3,708,661</u>	<u>\$2,372</u>



**COOLEY HEHL
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Township Board
Ida Township
Monroe County, Michigan

Report of Comments and Recommendations

Board Members:

Our audit of the financial statements of Ida Township for the fiscal year ended June 30, 2006, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. During the course of our audit, we noted certain practices and procedures which we believe could be changed to improve existing internal controls, accounting procedures and records, and other matters.

Our comments on these items are set forth herein for your review and have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore, do not encompass all matters that might result from special studies directed toward such matters.

Budgets

As required by Act 621, P.A. of 1978, we reviewed the Township's budgets for compliance with this budget law. For the fiscal year ended June 30, 2006, the budgets were not sufficiently amended for changes that occurred during the year. Therefore, the Township's expenditures exceeded appropriations in some areas as indicated in the financial statements.

General Ledger

One of the important parts of the system of checks and balances between the Clerk and the Treasurer is the comparing of the month-end cash balances. Once the Treasurer reconciles the monthly bank statements, the Clerk needs to compare the results with the cash balances of the general ledger and reconcile any differences.

We wish to express our appreciation for the continuing cooperation and courtesy extended to us by all officers and employees of the Township. We would be pleased to discuss any of these recommendations with you and to provide any assistance that you may require in their implementation.

Very truly yours,

Cooley Hehl Wohlgamuth & Carlton

July 21, 2006